

## Eastern Europe: The 1982 Grain Harvest, Implications and Prospects (U)

Shortages of basic foodstuffs are a source of consumer dissatisfaction in several East European countries—particularly Poland and Romania, where meat has been especially scarce. In past years, Eastern Europe has been able to alleviate such shortages by importing large quantities of feed and food grains from the West. Indeed, total regional expenditures for agricultural imports averaged roughly \$10 billion annually during 1976-80, of which about 40 percent was for food products. This option is now being squeezed, however, because of hard currency constraints. Cutbacks in grain imports lie ahead, especially in Poland, Romania, East Germany, and Czechoslovakia. As a result, increased attention is focused on the domestic grain harvest. ☐

Eastern Europe needs a good grain harvest this year to avoid deterioration in the food supply situation. Although current conditions point toward at least an average grain crop of some 94 million tons, an expected decline in grain imports will prevent any marked improvement in food supplies. A poor harvest could lead to further livestock herd reductions in several countries (which would greatly reduce future meat supplies), additional food price increases, and stiffer rationing quotas. ☐

### Current Food Supplies

Because most East European regimes have fixed prices below market clearing levels, consumer demand routinely exceeds food supplies in many parts

of Eastern Europe. The degree of excess demand varies considerably from country to country, product to product, and time to time. Shortages have been most severe in Poland and Romania, where meat is especially scarce. Food prices have been raised dramatically in both countries in the past six months to achieve better market balance. In East Germany and Czechoslovakia food supplies are generally good, but meat supplies are on the decline. Several poor harvests and policy decisions to reduce food consumption and imports because of hard currency constraints are largely responsible for declines in the amount of meat available. Elsewhere in Eastern Europe—Bulgaria, Hungary, and Yugoslavia—the overall food situation appears to be satisfactory. ☐

**Poland.** Food price hikes in February, which raised prices by 128 percent in the first quarter of 1982 compared with the same period of 1981, helped to reduce the imbalance between supply and demand in state retail outlets. Boosts in procurement prices and other measures have diverted large amounts of food to the state retail system from legal and illegal private channels. On balance, as a result of poor agricultural performance and drastic import cuts, the total amount of food reaching consumers is down. Lower income groups now have difficulty affording meat, fish, and cheese. Small families and pensioners have been hard hit because increases in their incomes to partially offset price increases have been disproportionately smaller than pay increases for workers supporting large families. An extensive system of rationing is to remain in effect through the remainder of this year. ☐

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Grain Production in Eastern Europe <sup>a</sup>

Million Tons

	1976-80 Annual Average	1976	1977	1978	1979	1980	1981
<b>Eastern Europe</b>	<b>94.2</b>	<b>94.3</b>	<b>93.7</b>	<b>96.2</b>	<b>90.8</b>	<b>96.0</b>	<b>92.1</b>
Northern countries	38.6	38.3	38.4	42.3	35.4	38.6	38.1
Czechoslovakia	10.1	9.2	10.3	11.0	9.2	10.7	9.4
East Germany	9.0	8.2	8.7	9.8	8.9	9.6	8.9 <sup>b</sup>
Poland	19.5	20.9	19.4	21.5	17.3	18.3	19.8
Southern countries	55.6	56.0	55.3	53.9	55.4	57.4	54.0
Bulgaria	8.1	8.7	7.8	7.7	8.5	7.8	8.7
Hungary	12.5	11.3	12.3	13.3	12.0	13.8	12.6
Romania	19.4	19.8	18.6	19.0	19.3	20.2	17.5 <sup>c</sup>
Yugoslavia	15.6	16.2	16.6	13.9	15.6	15.6	15.2

<sup>a</sup> Grains include wheat, rye, barley, oats, corn, mixed grains; in the southern countries rice is also included; in Bulgaria, legumes.

<sup>b</sup> Estimated.

<sup>c</sup> Official 1981 Romanian plan fulfillment data released in February 1982 indicate a grain crop of 19.9 million tons, including a near-record corn harvest of 11.9 million tons. However, in preliminary CEMA data released in March 1982, Romania's 1981 corn production is listed as 9.5 million tons.

Meat supplies are likely to decline further this year:

- The US Agricultural Counselor in Warsaw expects poultry production to drop by as much as 65 percent because of a severe shortage of imported feed.
- Polish officials have stated that livestock herds will be reduced this year because of a shortage of fodder. If a sizable portion of the herds are slaughtered, meat production would increase temporarily, then fall.
- Meat imports are expected to be down this year because of Poland's financial problems.

Prospects for improved supplies of food other than meat are good, but only in the near term. The

availability of fresh produce will increase as fruit, vegetables, and grain from this summer's harvests are marketed. Consumers will also have sufficient quantities of flour and bread products at least through September. Although state grain procurements from last year's harvest fell short of requirements, the regime recently offset the shortfall by importing some 400,000 tons of grain. Potato, flour, and bread supplies beyond yearend, however, will depend on future harvests and on the government's success in persuading private farmers to sell more potatoes and grain to the state.

**Romania.** The food supply in Romania has deteriorated sharply in the past two years, with the US Embassy describing the current situation as the

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worst in the last decade. Meat and dairy products are in extremely short supply, and stores of a large number of other basic food items are also inadequate. President Ceausescu proclaimed the need for an "agricultural revolution" well over a year ago, and last fall Bucharest introduced the rationing of wheat and corn products and imposed severe penalties for hoarding food. More recently there was a 35-percent increase in the average price of basic foodstuffs, with prices of some staples rising even more. Despite these measures, lines at food outlets have not shortened noticeably. [ ]

Bucharest has passed measures aimed at increasing agricultural output, including a boost in the planned share of investment for agriculture and new bonuses to farmers for delivery of crops and livestock to the state. These measures are unlikely to improve food supplies much in the near term. Bonuses are linked to increased productivity, but farmers may be unable to substantially increase output given the woefully inadequate agricultural infrastructure. [ ]

**East Germany.** Overall food supplies in East Germany remain good, but consumer complaints about meat shortages have increased throughout the country. Meat is reportedly sold only once or twice a week in some areas. Furthermore, the number of meatless meals is on the rise in some factories and school cafeterias. The regime's decision to restrict imports of feedgrain while expanding food exports is largely responsible. Outbreaks of hog cholera and hoof-and-mouth disease since March 1982 in northern East Germany diminished livestock herds and led to a further reduction in meat supplies. Some types of dairy products and Western imported foods are also in short supply, apparently because of the hard currency shortage. [ ]

Meat supplies are not expected to improve for the rest of the year. To compensate for decreased grain imports, the regime has encouraged livestock producers to raise more cattle—which can be fed on pastures—rather than pigs, which consume grain. Because cattle take more time to mature, however, less meat will be available in the near term. [ ]

**Czechoslovakia.** In Czechoslovakia, the overall food supply situation is generally good. Nevertheless, some shortages of dairy and pork products have occurred recently in parts of the Slovak Republic, and consumer grumbling over high-priced, low-quality food has increased this year. Meat prices—especially of high-quality cuts—were increased by about 40 percent earlier this year as the regime tried to reduce food subsidies and cut back per capita meat consumption to permit increased exports of high-quality meats. [ ]

The potential exists for more severe shortages of meat. In response to a 12-percent drop in the grain harvest last year, Prague—unwilling to cover the grain shortfall with imports—ordered the slaughter of 400,000 hogs to lessen feedgrain demand. By January 1982, 7.5 percent of the hog population had been slaughtered. This action has helped maintain meat supplies in the short run but will contribute to shortages in the future. [ ]

#### Grain Imports To Decline

Few if any East European countries will be able to substantially improve food supplies with imports this year. In the past, most countries covered grain production shortfalls in part with imports of grain and food products. In 1982, however, a tight hard currency situation and Western reluctance to finance grain sales will greatly limit purchases from the West, traditionally the region's largest supplier of grain. In addition, Eastern Europe cannot count on direct Western aid or grain credits from the US Commodity Credit Corporation or EC countries. Neither would much assistance likely be forthcoming from the Soviet Union, which itself is facing persistent food shortages and prospects for another poor harvest. Faced with the need to retrench, several East European governments have decided to reduce import requirements for feedgrains by cutting back livestock herds. Eastern Europe's grain imports during the upcoming marketing year ending 30 June 1983 are thus likely to decline from the

**Eastern Europe: Grain Imports <sup>a</sup>***Million Tons*

	1980-81		1981-82 <sup>b</sup>	
	Total	United States	Total	United States
<b>Eastern Europe</b>	<b>16.56</b>	<b>9.13</b>	<b>13.38</b>	<b>5.73</b>
Northern countries	12.19	5.47	9.36	3.70
Czechoslovakia	0.80	0.38	1.35	0.65
East Germany	3.21	2.27	3.20	2.01
Poland	8.18	2.82	4.81	1.04
Southern countries	4.37	3.66	4.02	2.03
Bulgaria	1.08	0.99	0.73	0.70
Hungary	0.12	0	0.12	0
Romania	2.49	2.21	1.73	0.75
Yugoslavia	0.68	0.46	1.44	0.58

<sup>a</sup> Marketing years, 1 July-30 June.<sup>b</sup> Estimated.

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13.4 million tons imported in MY 1982, which itself was substantially below the 16-million-ton average of the preceding three marketing years.

The US share of the East European grain import market is likely to decline for the second consecutive year. American restrictions on grain credits to Warsaw have halted US grain shipments to Poland. During the past few years, Poland was Eastern Europe's largest importer of US grain. Because of poor financial situations, most of the other East European countries also will find it difficult to arrange credits from the United States for purchases of commodities, including grain. Without new loans, few, if any, East European countries can afford to maintain imports from the United States at previous levels.

**The 1982 Crop Season**

The outlook for food supplies depends in large part on the size of the 1982 grain harvest. Crop conditions in Eastern Europe are generally good. Winter grains, which normally account for about 60 percent of total grain output in the northern countries and for about 40 percent in the southern countries, have recovered from a period of cold, wet weather in April and are now growing well. Because of the poor April weather, the current condition of spring grains—roughly one-half of Eastern Europe's total grain production—is less certain.

**Winter Grains.** The 1982 crop season in Eastern Europe began well last fall. Favorable weather enabled farmers to increase slightly the area planted to winter grains—mainly wheat and rye, with some barley. Sowing plans were met or exceeded in Poland, East Germany, Hungary, Romania, and some key producing regions of Czechoslovakia. Most winter grains entered dormancy in good condition, the result of timely planting, ample soil moisture, and gradually cooler temperatures.

most crops survived the winter in generally good condition.

Growing conditions so far this spring have fluctuated markedly. Gradual warming during March brought the winter crops out of dormancy on schedule. Spring growth was retarded some two to three weeks, however, by abnormally cold, wet weather in April; temperatures averaged 2 degrees Celsius below normal, and rainfall was 20 percent above normal. Unusually severe nighttime frosts may have killed or severely damaged some of the weaker plants in the higher elevations. Since early May, weather throughout Eastern Europe has been good. Warmer temperatures and clearer weather have fostered plant development, enabling crops to make a substantial recovery.

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**Spring Grains.** The early-season outlook for spring grains is less certain. Sowing plans were largely fulfilled, with most of the barley and oat crops sown within the optimum time period. Soil moisture is adequate in all major grain growing regions, providing a good reserve for the young plants as they enter a period of rapid growth. But there have been problems, chiefly the result of poor weather in April. Emergence and early development of spring grains in the north were delayed about 10 to 20 days by cool temperatures. As a result, plants will reach their most critical stage of growth later in the summer, when the potential for damage from high temperatures is great. [ ]

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million tons averaged during the past five years. A crop of that size would be a slight improvement from last year's 92-million-ton output. [ ]

An above-average grain crop would ease the food supply problems but not eliminate them. Should current prospects for a good harvest of winter grains hold, adequate supplies of food other than meat would be ensured at least until yearend. Future meat supplies will depend on the availability of feedgrains, that is, the size of the spring grain harvest. A good feedgrain harvest would reduce the need for grain imports and probably preclude any further reductions in livestock herds. [ ] 25X1

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Development of the corn crop in the southern countries is also lagging because of the April cold spell. In Romania, planting was completed on time, but the cold weather delayed germination and early growth by more than two weeks. Elsewhere farmers delayed corn planting some 10 to 14 days because soil temperatures were too low to ensure complete germination. Consequently, there is now an increased risk of damage from an early fall freeze. Corn normally accounts for more than one-half of the yearly grain harvest in the south. [ ]

Any major grain shortfall, on the other hand, almost certainly would lead to a deterioration in East European diets, fueling increased consumer discontent. Hardest hit by a crop failure would be Poland and Romania, where a large deficit in domestic grain supplies would hurt livestock production and hence future meat supplies. Because meat shortages are an ongoing source of consumer complaints in both countries, any marked drop in meat supplies would further increase public dissatisfaction. [ ] 25X1

### Prospects

Based on crop conditions as of late June, the harvest of winter grains is likely to be above the 47-million-ton average of recent years. The effect of the delayed development of spring grains in the north is not yet known. Crops benefited from good weather during May, but production will be governed largely by conditions during July and August. Prospects for the corn crop, which is not harvested in earnest until late September and October, are even less certain. According to East European press articles, germination and initial growth were good. Even so, with approximately one-half of the crop's life cycle yet to be completed, corn yields will depend on weather conditions in the summer and early fall. With normal weather, the spring grain harvest will likely be at least average, resulting in a total grain harvest above the 94

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